

6<sup>th</sup> April 2021

*This announcement contains inside information*

## **88 Energy Limited**

### **Operations Update**

88 Energy Limited ("**88 Energy**" or the "**Company**", ASX:88E, AIM:88E, OTC:EEENF) is pleased to provide the following update related to its operations in the NPR-A region of the North Slope of Alaska.

#### **Highlights**

- Initial petrophysical interpretation indicates several potential pay zones in Merlin-1
- New prospective horizon identified at Project Peregrine
- Operational issues prevent hydrocarbon samples from two most prospective zones

#### **Details**

The first run of the wireline program included a standard triple combination log with nuclear magnetic resonance ("NMR"). These tools are designed to identify potential reservoir and resistivity (elevated resistivity is an indication of hydrocarbon saturation) as well as provide an estimate of the mobility of the fluid present. Multiple prospective zones were identified, consistent with the shows and logs obtained whilst drilling, and the NMR tool indicated good mobility across most of these zones.

The second run of the program was designed to take samples across these zones. Initial observations indicated the presence of an oil signature in the fluid using an optical fingerprint sensor in the downhole sampling tool, after communication was established with the reservoir in the deepest zone of interest. Slugging of hydrocarbon and water then occurred, which is often a precursor to hydrocarbon flow from the reservoir, however; a power outage due to equipment failure necessitated pulling out of the hole for repairs prior to any sample being obtained. After repairs were completed, the run back in hole encountered several sticky sections, indicating poor hole condition so a clean out run was undertaken. Re-entry with the sampling tool was then executed to move to the lowest zone for testing but good communication was not able to be re-established with the reservoir despite observation of a similar hydrocarbon signature on the optical fingerprint sensor. The time the hole had been open and consequent potential formation damage may have contributed to this issue.

A decision was made to move to the next shallowest prospective zone, which had exhibited good oil shows and petrophysical characteristics, but wellbore condition issues prevented a test as the tool became stuck. The tool was freed but the risk of returning to that zone was deemed too high.

Not being able to sample these two most prospective zones does not preclude a discovery; however, analysis of sidewall cores and potentially further drilling may be required for confirmation.

Significantly, one of these zones is considered to be a new prospective horizon within the Nanushuk Formation that may be wholly within the Project Peregrine acreage and was not one of the pre-drill targets. The other zone is interpreted to be shared with one of the zones in the Harrier prospect, to the north of Merlin. Further work, integrating the results from logging with the seismic, is required to map / re-map the volumetric potential of these zones.

Several samples were taken in zones interpreted to be less prospective on the way out of the hole, all of which contained low saturations of hydrocarbons, which will now be sent to a laboratory for testing. The presence of hydrocarbons in these zones is considered encouraging for regional prospectivity but does not constitute a discovery due to the low saturation levels.

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It is now too late in the season to initiate flow testing operations and the forward program will consist of plugging the well. The well may be re-entered in the future, if warranted, in order to drill a side track and conduct a flow test.

Additional information related to Merlin-1:

Merlin-1 is located in the NPR-A region of the North Slope of Alaska with the following co-ordinates X:196695 Y: 5666711 Zone 4 NAD 27. 88 Energy has a 50% working interest in the well and is Operator. The well was spud on 10<sup>th</sup> March 2021 and was drilled to a Total Depth of 5,267'. Multiple prospective pay zones in sandstone reservoir between depths of 3,400' and 5,100' have been identified; however, more analysis of the data is required to determine gross and net pay. Fluids recovered via downhole sampling will now be sent to a laboratory to determine hydrocarbon saturation, phase and constituents; they, however, are deemed to be mostly comprised of water. Note: the two most prospective zones in the Merlin-1 well were not able to be sampled due to operational issues.

Managing Director, David Wall, commented: *“Despite the operational issues that prevented obtaining a hydrocarbon sample from the two most prospective zones, the results from the Merlin-1 well are very encouraging for the potential at Project Peregrine.*

*We appreciate that these early results may be difficult to interpret. That is because we do not yet have all the data required to allow interpretation. This means some uncertainty remains; however, it is already clear that Merlin-1 has delivered by far the best outcome of any of the 5 wells drilled by 88 Energy in Alaska over the last 6 years.*

*Particularly encouraging is the apparent presence of oil in a zone that has not previously been targeted in NPR-A. Whilst the potential volumetric size of this zone is not yet known (as it was not a mapped target in Merlin-1) the formation could be extensive based on initial interpretation. The other most prospective zone with good shows and petrophysical characteristics is shared with the Harrier Prospect and will likely high grade that for drilling in 2022.*

*The Company is extremely proud to have been able to achieve this result from a wildcat exploration well drilled on sparse 2D seismic, 60kms from the nearest control well, in the middle of the Arctic winter.*

*Project Peregrine, in combination with the 100% owned Umiat Oil Field, has the potential to deliver substantial returns for shareholders, in the form of a potentially large oil field development.*

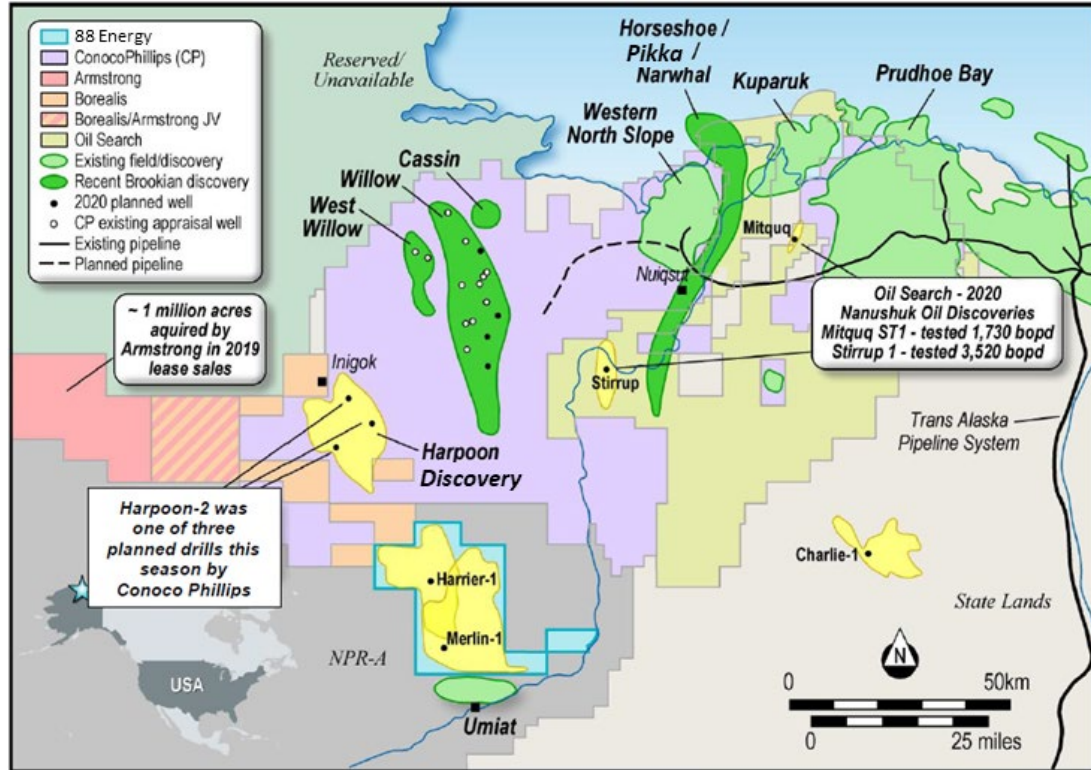
*We look forward to providing more data as it becomes available over the next few weeks and months.”*

Pursuant to the requirements of the ASX Listing Rules Chapter 5 and the AIM Rules for Companies, the technical information and resource reporting contained in this announcement was prepared by, or under the supervision of, Dr Stephen Staley, who is a Non-Executive Director of the Company. Dr Staley has more than 35 years' experience in the petroleum industry, is a Fellow of the Geological Society of London, and a qualified Geologist/Geophysicist who has sufficient experience that is relevant to the style and nature of the oil prospects under consideration and to the activities discussed in this document. Dr Staley has reviewed the information and supporting documentation referred to in this announcement and considers the resource and reserve estimates to be fairly represented and consents to its release in the form and context in which it appears. His academic qualifications and industry memberships appear on the Company's website and both comply with the criteria for "Competence" under clause 3.1 of the Valmin Code 2015. Terminology and standards adopted by the Society of Petroleum Engineers "Petroleum Resources Management System" have been applied in producing this document.

### About Project Peregrine

Project Peregrine is located in the NPR-A region of the North Slope of Alaska and encompasses ~195,000 contiguous acres. It is situated on trend to recent discoveries in a newly successful play type in topset sands in the Nanushuk formation. 88 Energy has a 100% working interest in the project that will reduce to 50% post the completion of funding as part of a recent farm-in, whereby 88E is carried on the first US\$10m (of an initially estimated US\$12.6m total cost) for the Merlin-1 well.

### Project Peregrine and Recent Nanushuk Discoveries



The Merlin-1 well was spudded in March 2021 and is targeting 645 million barrels of gross mean prospective resource#. Wireline logging at Merlin-1 is almost complete. A second well, Harrier-1, is planned to be drilled in 2022 and is targeting gross mean prospective resource of 417 million barrels#.

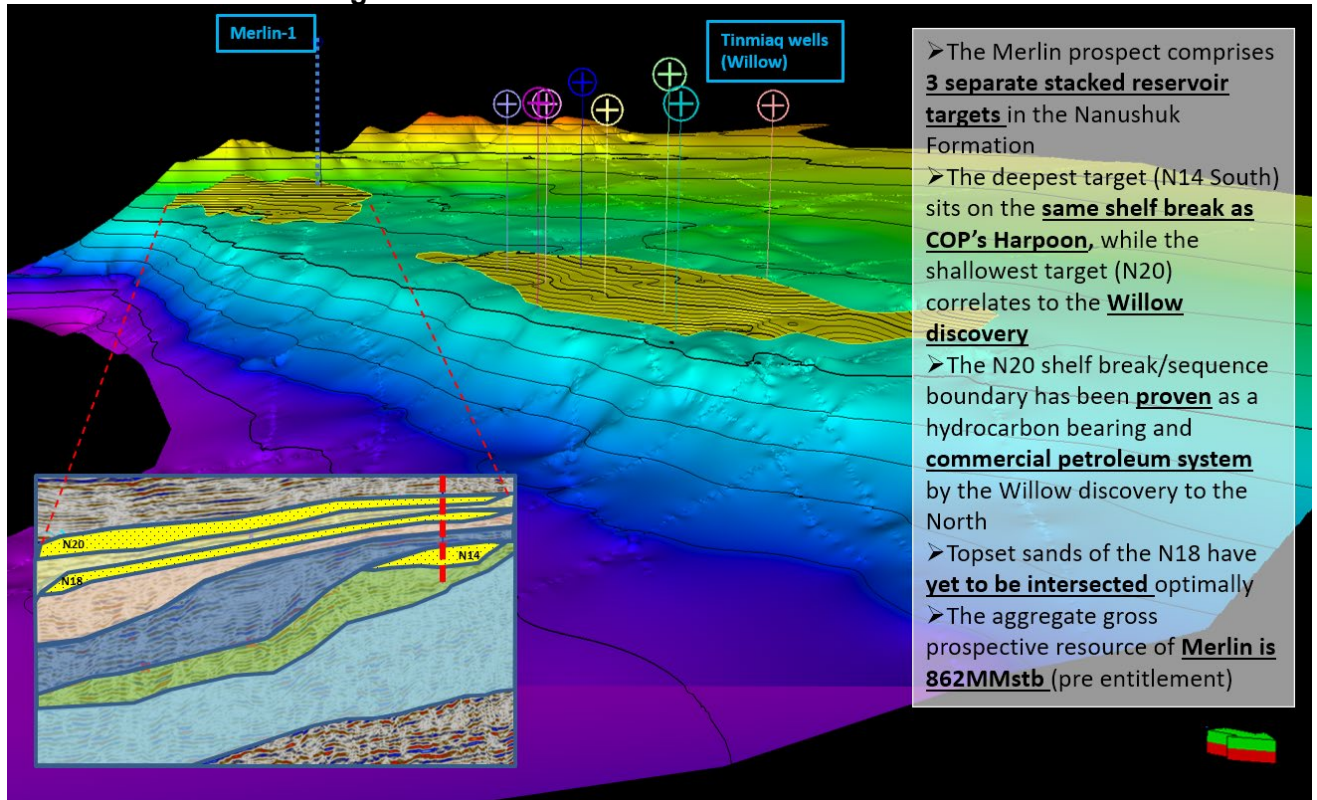
### Independent Resource Assessment#

Project Peregrine: Alaska North Slope	Unrisked Net Entitlement to 88E Prospective Oil Resources (MMstb)				
	Low (1U)	Best (2U)	High (3U)	Mean	COS
Prospects (Probabilistic Calculations)					
Merlin (Nanushuk)	41	270	1,463	645	37%
Harrier (Nanushuk)	48	207	940	417	24%
Harrier Deep (Torok)	42	267	1,336	574	20%
<b>Prospects Total</b>				<b>1,636</b>	

#Please refer to release dated 23 February 2021 for full details with respect to the Prospective Resource estimate, associated risking and applicable Cautionary Statement.

Each of the Merlin and Harrier prospects is located on trend to an existing discovery, in the same play type (Nanushuk topsets). This has de-risked the prospects considerably and resulted in a relatively high independently estimated geologic chance of success.

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**Merlin-1 – on trend to large Willow oil field**


*Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially movable hydrocarbons.*

This announcement has been authorised by the Board.

**Yours faithfully**



**Dave Wall**  
**Managing Director**  
**88 Energy Ltd**

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